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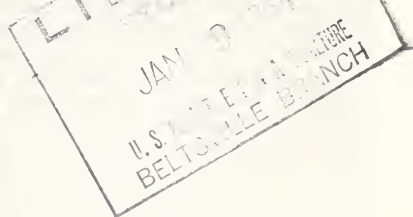
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WHEAT PRICES AND FARM EXPENSES DAMPEN 1964 OUTLOOK

Perhaps the most important prospects in the 1964 agricultural outlook are the probabilities of a sharply reduced income from the 1964 wheat crop and a continued uptrend in farm production expenses.

With continued expansion in domestic and foreign markets, but with lower prices and payments for wheat, gross farm income may be down slightly in the year ahead from the \$41 billion estimated for 1963.

Farm expenses likely will continue to advance and realized net farm income may be lower in 1964—perhaps 5 percent or more below 1963. The trend toward fewer farms probably will continue through 1964, and realized net income per farm will likely be slightly smaller than the record level of 1963.

Domestic and foreign markets for farm products have been larger in 1963 than a year earlier.

In 1963 prices received by farmers were about the same as those of 1962, but production and marketings and Government payments were higher. However, with expenses rising faster than receipts, realized net farm income for 1963 is likely to be near \$12.2 billion, down from the \$12.6 billion of 1962.

1964



OUTLOOK ISSUE

Prices received by farmers for live-stock and products in 1964 may run close to the 1963 level. With prospects for some further increase in beef production, prices received for cattle likely will be near to the reduced level of 1963. Farrowing intentions point to possibly smaller pork production and some strengthening in prices.

Prices received by farmers for crops in 1964 will be little changed from 1963 for most commodity groups, but will be lower for wheat. Loan rates for the 1964 crops of corn, barley, and grain sorghum are set a little higher than those for this year's crop. Under current legislation and based on present parity the 1964 wheat loan rate would be about \$1.25 per bushel compared with \$1.82 for the 1963 crop. This legislation permits market prices for wheat that could reduce the index of prices received for crops as much as 4 percent and reduce the index for all products as much as 2 percent.

Growing demand for farm products maintained the level of prices received by farmers in 1963, despite increased production and marketing. Lower prices for beef and pork are nearly offset by higher prices for corn, grain sorghum, soybeans, and citrus.

Food expenditures by consumers in 1963 are 3 percent more than a year earlier—a reflection of increased population, growing purchasing power per person, larger per capita consumption, and higher retail prices.

The general level of business for 1963 was up about 5 percent. A higher level of production resulted in an increase in employment of about 1 million workers and a rise in income after taxes of about 4.5 percent.

Prospects for 1964 are for continued increases in public and private investment, resulting in further increases in

employment, income, and consumer expenditures. Lower rates on personal taxes in 1964, being considered by Congress, may lead to sizeable increases in consumer purchasing power.

The value of exports of farm products in fiscal 1962-63 was \$5.1 billion, the same as a year earlier. During the current fiscal year these exports may rise to about \$6 billion. Continued strength in economic activity abroad will support foreign markets for many of our farm products. Reduced production of grain crops in Communist-bloc countries and Western Europe strengthen prospects for a record outflow of wheat. Larger shipments are expected for cotton, soybeans, milk products, and tobacco.

Farm output in 1963 is 2 percent over the record of a year earlier. The rise is generally distributed through the crops and the livestock sectors of the agricultural economy. Crop output reflects a larger acreage for harvest and record-high yields.

With average growing conditions and continued technological advance, *crop output* is likely to increase even more in 1964. The present programs will limit feed grain production again. Current legislation for wheat could result in increased acreage and production. Output increases are in prospect for soybeans and sugar beets. Citrus production in 1964-65 will be more than in 1963-64 but will continue to reflect the freeze damage of last winter.

Livestock production in 1963 is about 2 percent above last year principally because of more beef and pork. Livestock production likely will increase again in 1964. Prospects are for more beef, poultry and eggs, but less pork, sheep, lamb, and wool.

Clark Edwards
Economic Research Service

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SOME FURTHER EXPANSION FOR EGGS AND POULTRY LIKELY

1964



OUTLOOK ISSUE

Egg production in 1964 is expected to exceed the 176 million cases in prospect for 1963. Most of the increase will likely occur in the first half. As a result, egg prices to producers early in 1964 will probably be lower than the year before. Prices are likely to show a greater seasonal rise next year than in 1963. Nevertheless, they may average under the 34 cents per dozen forecast for 1963.

The number of layers and potential layers (including pullets not yet laying) on October 1 was about the same as a year earlier. This suggests that through the end of 1963 the size of the Nation's flock may also be about the same as in 1962. In the second quarter of 1964, however, numbers may be up about 1 percent from 1963 because of the increased June–September hatch of egg-type chicks. In addition the rate of lay in the first quarter next year is expected to be higher than this year's weather-depressed level of January–March.

Egg output in the second half of 1964 will depend largely on the hatch of replacement chicks next spring. Lower egg prices early next year and the trend away from spring hatchings are expected to lead to a decline from a year earlier in the January–June 1964 hatch of egg-type chicks. Therefore, the number of layers on farms by early

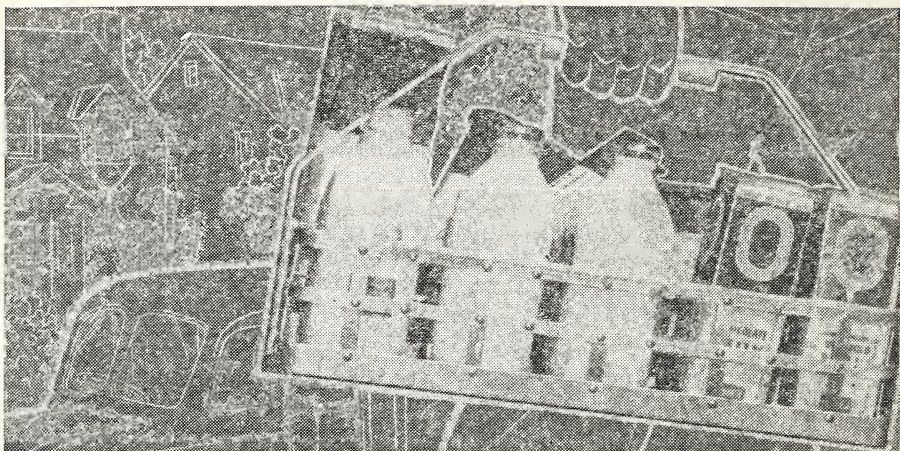
fall 1964 may go below the 1963 level. Egg production may stay above 1963 a month or 2 longer, however, because of a further gain in layer productivity.

Recent *hatchery activity* suggests that 1964 will open with broiler production at about the year-earlier level. The pressures for expanded output of broiler chicks, reflected in a larger National hatchery supply flock, will continue through the middle of 1964. At the same time more abundant supplies of beef will tend to hold down broiler prices and make the broiler outlook less favorable. This discouraging factor may offset the pressures toward the larger supply of broilers early next year. Slightly higher feed prices in prospect through September 1964, will also act as a restraint on broiler production. However, as 1964 progresses, competition from red meats may lessen, and broiler prices are likely to strengthen. This could lead to a sizeable expansion in broiler production in the second half of the year.

The 1964 *turkey crop* is likely to be a little larger than the 92.7 million birds estimated for 1963. Three things in particular support this forecast. *First*, turkey prices to producers in 1963 will probably average almost 1 cent per pound (4 percent) higher than the 21.6 cents in 1962. *Second*, the trend toward greater efficiency in turkey production may have accelerated in 1963. Profitability may also be enhanced by lower mortality in 1963 than in 1962. This is suggested by turkey marketings this year, which were earlier than expected from the pattern of poult hatchings. *Third*, there will probably be smaller inventories of frozen turkey at the beginning of 1964 than a year earlier.

On October 1, owners of *turkey breeder flocks* in the 15 important turkey States reported intentions to keep 1 percent more birds for the 1964 hatching season than they had a year earlier for the 1963 hatching season. A breeder flock this large could provide enough poults for a sizeable increase in turkey production in 1964.

Herman Bluestone
Economic Research Service



OUTLOOK for Dairy Products in 1964

Here, in a compact package, is the 1964 dairy outlook: Production will equal 1963 levels; commercial demand probably will increase less than the population; excess dairy products will continue to move to the Commodity Credit Corporation. Prices for farmers and to consumers for dairy products will average about the same as a year earlier. Cash receipts from farmers' sales of dairy products are likely to increase slightly over 1963 in line with larger marketings. Offsetting near record cash receipts will be rising production costs.

Milk production in 1963 is likely to be about 125 billion pounds, down about 1 percent from the 1962 record. About 16.6 million cows are averaging about 7,530 pounds of milk per cow. Reduction of milk cows on farms in 1963—down about 3 percent—is a continuation of the downtrend since the 1944 peak in the nation's milk herds. Gains in production per cow in 1963, and those anticipated early in 1964, may not be enough to offset the smaller number of milk cows. An additional production limitation is below-average roughage supplies in several important dairy areas.

Large quantities of dairy items are being consumed in 1963, particularly through commercial sales. Civilian use of milk from all sources is increasing about 1.5 billion pounds in milk equivalent terms above the 116.4 billion in

1962. The major reason for this record dairy products utilization is increased sales of fluid milk, American cheese, and ice cream. Donations of government-owned dairy products are up just slightly in 1963. Indications are that sales of fluid milk products are increasing 2 percent. Per capita use of milk in all forms in 1963 is expected to be 635 pounds, about the same as the year before.

Per capita use of fluid milk and cream in 1963 is estimated to be 310 pounds, about the same as in 1962. Use of butter per person is declining in 1963 to 7.0 pounds from 7.2 pounds in 1962 (a drop in commercial sales). Consumption of cheese during the year is up from 9.1 to 9.3 pounds (a gain in commercial sales). Use of milk in ice cream and other frozen dairy products is gaining in 1963 by about 1 percent, to 52.0 pounds per person. Consumption of nonfat dry milk is also on the upswing from 5.6 to 5.9 pounds. Use of evaporated milk, however, is falling heavily, about 6 percent.

Over the past 15 years the production and use of milkfat has changed little, but marketings by farmers have edged upward. The gap between production and use narrowed slightly during 1963, but consumption per person of 23.7 pounds was little different from the year before.

The smaller gap in 1963 between production of dairy products and their

consumption, plus a higher rate of buildup of commercial stocks of dairy products, is causing CCC purchases to fall about 2.5 billion pounds of milk equivalent from the 10.7 billion-pound level in 1962. CCC purchases of milk-fat in 1963 are about 6.5 percent of production and those of solids-not-fat, about 11 percent (including payment-in-kind).

Stocks of dairy products last fall were below year-earlier levels. Record CCC export sales and heavy overseas donations of butter and nonfat dry milk, as well as reduced purchases contributed to the more than seasonal decline in stocks. CCC-owned stocks may decline again in 1964.

The price of all wholesale milk for January-October was \$4.05 per 100 pounds compared with \$4.07 in 1962. This indicates an average price of \$4.09 per 100 pounds for 1963. Prices paid by dealers for milk used in bottling

(Class I) during January-October 1963 averaged \$5.27 per 100 pounds compared with \$5.33 a year earlier. Prices to farmers for manufacturing grade milk will average about \$3.21 per 100 pounds through all of 1963, the same as in 1962. These prices were lower in the first quarter of 1963 but have been higher since.

Net farm income from dairying in 1963 will probably decline from 1962 levels, because prices paid by farmers for production items, interest, taxes, and wage rates are about 2 percent higher in 1963. Assuming continuation of the present support level in the marketing year, beginning April 1, 1964, the average price of manufacturing grade milk, as well as the price received for all milk sold by farmers, will continue close to 1963 levels. In 1964, net farm income from dairying again will decline slightly.

Robert H. Miller
Economic Research Service

RICE OUTLOOK . . . RECORD CROP—LARGE SUPPLY

The outlook for rice in 1963-64 is governed by the 1963 record crop and the largest supply since 1956. *The 1963 crop*, based on the November Crop Report, is estimated at 69.4 million hundredweight, and the *total supply* is placed at 77.1 million. The supply also includes the August 1, 1963, carryover of 7.7 million hundredweight and an allowance for a small quantity of imports. A supply of this size is 10 percent above last year's large supply and about 18 percent above the 1957-61 average.

Total domestic disappearance in 1963-64 is expected to be about 29.5 million hundredweight with that for food use totaling about 22.0 million. This quantity for food use would be a moderate increase from the relatively small amount of 21.1 million hundredweight in 1962-63. The use of rice by the brewing industry and rice used for seed are both expected to be about the same in 1963-64 as in recent years, about 5.0 million and 2.5 million hundredweight, respectively.

Exports of rice in 1963-64 are currently estimated at 36.0 million hun-

dredweight, slightly above the 35.6 million exported last year but somewhat below the record of 37.5 million set in 1956-57.

With a projected total disappearance of 65.5 million hundredweight, the *carryover* of rice on August 1, 1964, may increase somewhat from the low level of the last few years.

In the last two years *prices received by farmers* have averaged substantially above the \$4.71 per hundredweight support, amounting to \$5.14 per hundredweight in 1961-62 and \$4.94 in 1962-63. However, because of the record crop, farm prices in 1963-64 may average only slightly above the support level. The support is unchanged from the 2 previous years.

The *acreage allotment* for 1964-crop rice has been set at 1.8 million acres, the same as for the last 2 years. The *referendum on marketing quotas* is to be held on December 10, and the national average support price again has been set at \$4.71 per hundredweight.

SLIGHT INCREASE EXPECTED IN FOOD MARKETING CHARGES

Unit charges for marketing farm-originated food products probably will go up again next year, but not as much as in 1963. *Marketing charges* have averaged 4 percent higher this year than in 1962, double the average annual increase during the preceding 10 years.

Food marketing firms' operating costs probably will continue to rise next year. Labor costs per unit of product marketed are expected to go up again. Prices of packaging materials and costs of some other goods and services bought by marketing firms may rise, but increases are expected to be moderate. Operating costs probably averaged higher this year than in 1962.

Prices farmers receive for most major groups of food products are expected to change little in 1964 from this year's levels. Wheat prices, however, are expected to be lower. Farmers' prices for food products have averaged 3 percent lower this year than in 1962 mainly because of lower prices for beef cattle, hogs, frying chickens, and wheat.

A slight increase in *retail prices* of farm-originated food products is in prospect for 1964. These prices ran about 1 percent higher in 1963 than in 1962.

Forrest Scott
Economic Research Service

THE YEAR AHEAD FOR FRUITS AND TREE NUTS

1964



OUTLOOK ISSUE

The 1964 deciduous fruit crop, like the 1963 crop, probably will be somewhat above average if growing conditions are favorable. The 1963 deciduous crop was 1 percent above 1962 and 7 percent above the 1957-61 average.

Citrus fruit production in 1963-64 is expected to be slightly to moderately smaller than the reduced 1962-63 har-

vest, a continuing effect of last winter's freezes. The strong recovery of groves, made so far, points to increased output in 1964-65. The 1962-63 citrus crop was about one-fourth below the 1961-62 record.

Decreased packs of canned and frozen deciduous fruits, but an increased pack of dried fruits, are indicated for 1963. Output of frozen and canned citrus juices in 1963-64, as in 1962-63, is expected to be below the large volume of preceding years.

Total production of edible tree nuts in 1964 probably will be lighter than the record 1963 tonnage. Mainly because of sharp increases in almonds and pecans, the latter a record crop, total production in 1963 was about three-fourths above 1962 and one-third above average.

Consumer demand for fresh and processed fruit, strong in 1963, is expected to increase further in 1964 in view of rising consumer incomes and population growth. But export prospects generally are less favorable than a year ago.

Ben H. Pablos
Economic Research Service

FOOD FAT SUPPLY AND USE CONTINUE UPWARD IN 1963-64

1964



OUTLOOK ISSUE

Total United States supplies of edible fats, oils, and oilseeds during the 1963-64 marketing year (began October 1) are forecast at a record 17.0 billion pounds (in terms of oil), about 3 percent more than the peak quantity available last year. The increase is due to larger starting stocks of edible vegetable oils and the record 1963 crop of soybeans.

As usual, domestic disappearance of edible fats and oils probably will rise in 1963-64 with population growth—requiring an additional 125 to 150 million pounds. Quantities available for export and carryout stocks in 1963-64 will be a record 7.6 billion pounds, about 4 percent more than last year.

Present export prospects for edible fats and oils (including the oil equivalent of soybeans) indicate that the 1963-64 total may set a record of about 4.9 billion pounds, roughly 15 percent more than exported in 1962-63. An export volume of this proportion would comprise approximately a third of the 1963-64 output of these commodities.

Main factors in the 1963-64 export outlook are:

(1) Europe probably will buy more U.S. soybeans because of the expanding demand for soybean meal and because

European oil stocks are at a lower level than last year.

(2) The Russian sunflower crop is believed to be down somewhat. This could result in reduced shipments of Soviet sunflower oil to Spain and West Germany.

(3) In Communist China soybean production increased in 1963, but expanding domestic demand as a result of increasing population will continue to restrict Communist China's exports of soybeans and other oilseeds in 1963-64 to about the previous year's level.

(4) Exports to Japan, the major single market for our soybeans, are expected to increase slightly in 1963-64 because soybean production in Japan was down in 1963, and the use of soybeans and products is rising.

(5) Copra and coconut oil exports in 1963-64 and European and Japanese rapeseed production are down, whereas peanut crops in Africa and India are about average.

(6) Shipments of edible vegetable oils under the Food for Peace Program (all Titles of P.L. 480) are expected to expand—totaling nearly 1.1 billion pounds compared with almost 0.9 billion in 1962-63.

(7) Partially offsetting the above favorable factors is the substantial increase in olive oil production in Mediterranean Basin countries and large stocks of edible oils in Spain—a major importer of our soybean oil for dollars.

It appears that world stocks of fats, oils, and oilseeds probably will be reduced somewhat during the 1963-64 marketing year to fulfill world requirements.

The United States' supply of soybeans during the 1963-64 marketing year (started October 1) is placed at a record 733 million bushels compared with 722 million last year. Soybean prices are expected to continue strong throughout the 1963-64 marketing year; indications are that the entire 1963 crop will be needed to meet pro-

(Continued on page 9)

THE OUTLOOK FOR LIVESTOCK—1964

1964



OUTLOOK ISSUE

On January 1, 1964, cattle on farms will be close to 107 million head—up 3 percent from the 103.8 million a year earlier. Since the number of cattle kept for milk production is expected to decrease by about 3 percent, the gain in beef cattle may be as much as 5 percent. A larger cow herd will furnish the source for future increases in the supply of feeder cattle. Continued optimistic long-run outlook for the demand for beef likely will encourage further expansion, and a buildup of 2 to 3 percent is in prospect for next year.

Under reasonably normal weather conditions prospects are for an increase in commercial cattle slaughter in 1964 of about 3 to 4 percent above the 27.3 million head expected in 1963. Consumer incomes likely will advance further next year as well as continued consumer preference for beef. Therefore, prospects are that cattle prices for the year as a whole will not differ much from the expected average of \$24.00 for 1963 (Choice steers at Chicago).

An increase in the number of cattle moving through feedlots in 1964 is anticipated. The number on feed above corresponding year-earlier dates was up 11 percent on January 1, up 11 percent on April 1, up 12 percent on July 1, and up 10 percent on October 1. Heavy

marketings of fed cattle late this year will continue into early 1964 and prices probably will average \$1.00 to \$2.00 below the January–March 1963 average of \$25.28 (Choice steers at Chicago).

Fall and winter placements of feeder cattle will determine marketings in the final 3 quarters of 1964. If the number of feeders placed is up 5 to 10 percent this fall and winter (the supply of feeders is sufficient to achieve this), fed cattle prices in the second and third quarter would probably continue to average \$23.00 to \$24.00, followed by price improvement in the fourth quarter. However, the movement of feeder cattle in the fall of 1963 has been slow. Thus, if large numbers are roughed through this winter instead of going into feedlots, fed cattle prices would show some improvement by spring. In that situation, however, serious price problems could develop toward the end of 1964 and early in 1965.

Hog slaughter was especially large during late winter and late summer compared with the same weeks a year earlier. During these 2 periods, hog prices fell below 1962 levels by the widest margin.

The supply of hogs this fall was affected by several things. Good growing weather helped put hogs in market flesh early. During similar weeks of 1962, some hogs were withheld from market, which tended to exaggerate the increase in supply this year. In addition, the number of sows farrowing from September 1963 through February 1964 is expected to be down. Fewer gilts may be going into sow herds, which would also add to the available supply of butcher hogs.

The June–November 1963 pig crop likely will be down slightly from a year earlier. In the 10 Corn Belt States June–August farrowings were up 2 percent, but September–November probably will be 3 percent lower. Breeding intentions reported in September indicate that farrowings may be down slightly in December–February; March–May litters may also be down. Therefore, slaughter supplies in 1964

are expected to fall below year-earlier rates before the beginning of the second quarter and then remain below the rest of 1964.

Hog prices since March 1963 have not been favorable in relation to corn prices, but likely will become more favorable next spring. Hog raising may be a little more profitable in 1964 because prices are expected to average a little higher than in 1963, in response to lower per capita supplies.

The downward trend in sheep and lamb numbers from the record-high of 56.2 million head in 1942 continued this year. The beginning 1964 inventory is expected to have declined to between 29.3 and 29.7 million, the lowest since records keeping was started. And the size of the national sheep flock may shrink again next year although likely at a slower rate than in 1962 or 1963.

A smaller volume of slaughter this year partly reflected the 3 percent decline in the lamb crop. Prices received by farmers for sheep were higher than a year earlier each month through the first 8 months of 1963 but dropped below in September and are expected to remain a little lower throughout the remaining months.

The number of sheep and lambs on feed January 1 may be down about 5 percent from the 4.0 million a year earlier. The 1964 lamb crop may be down 4 to 5 percent, and slaughter probably will again be down a little next year. However, prices likely will average about the same as in 1963, a reflection of stiff competition from beef.

Donald Seaborg
Economic Research Service

FATS AND OILS—Continued

spective demand. The 1963-64 season average farm price probably will be about \$2.60 per bushel compared with \$2.34 in 1962-63.

Soybean crushings are forecast at 490 million bushels compared with 475 million in 1962-63. Soybean exports in 1963-64 are forecast at 190 million bushels, up about 10 million from a year ago. Based on crushing and export estimates, carryover stocks of soybeans on October 1, 1964, will be at a minimum level of about 10 million bushels.

George W. Kromer
Economic Research Service

TOBACCO—WHAT'S IN STORE IN '64?

Total supplies of flue-cured and burley—the big-volume cigarette tobaccos—exceed those of most of the past few years by a sizable margin. Supplies of fire-cured, dark air-cured, and Maryland tobacco are up some from a year earlier, but supplies of the cigar binder and wrapper types are smaller; supplies of continental cigar filler types may be close to those of a year earlier.

On November 26, the Secretary of Agriculture proclaimed the 1964 quota for flue-cured tobacco. Converted to acreage the 1964 quota means a national allotment of 639,862 acres. For most farms flue-cured allotments in 1964 will be 10 percent below 1963.

This year smokers will use a record number of cigarettes and the most cigars in 40 years. Small declines are indicated for smoking tobacco and snuff, while chewing tobacco will hold about even with last year.

Indications are that use of tobacco per thousand cigarettes (unstemmed processing weight) continued to decline in 1963. This decline has been appreciable in the past decade; it is mainly attributable to increased use of reconstituted tobacco "sheet" and the increased proportion of filter tip cigarettes which require less tobacco than nonfilter tips.

During the year ending June 30, 1964, exports are expected to be moderately above the 1962-63 level when they were the lowest in several years.

The 1963 price support levels for tobaccos produced under marketing quotas are 1 percent above 1962 and available data indicate that the 1964 levels will be up another 1 percent.

Arthur G. Conover
Economic Research Service

FEED GRAIN PRODUCTION AND UTILIZATION ALMOST IN BALANCE

1964



OUTLOOK ISSUE

Farmers produced a total feed grain crop of 153 million tons in 1963, an increase of 10 million over 1962 and second only to the record 1960 crop. The large crop this year is expected to result in a much narrower gap between production and utilization than in the past 2 years. Carryover stocks into 1964-65 are now expected to be reduced by about 3 million tons, following reductions of 13 million tons in 1961-62, and 9 million in 1962-63.

The *total feed grain supply* for 1963-64, estimated in November at 216 million tons, is slightly above last year. The *feed grain carryover* into 1963-64 of 62.5 million tons was 9 million less than a year earlier. But, the smaller carryover was slightly more than offset by a 10-million-ton increase in production.

The *large 1963 feed grain crop* resulted from increases in both acreage and yield per acre. During the past 3 years farmers have reduced their feed grain acreage well below the 1959-60 level through participation in the Feed Grain Program. This year (1963) farmers signed up to divert 25.7 million acres compared with 28.2 million diverted in 1962. The acreage planted in 1963 is 3 percent above 1962, but 14 percent below the 1959-60 level. The 1963 crop, however, was equal to the

1959-60 output, since the reduction in acreage was practically offset by the upward trend in yield.

Domestic use and exports of feed grains have been increasing for a number of years, averaging about 3 percent per year since 1950. A further increase in domestic use is expected in 1963-64 because of a rise in cattle feeding. The total disappearance of feed grains probably will be about 3 million tons above the 153 million tons consumed in 1962-63.

Feed grain exports are expected to remain large in 1963-64. In 1962-63, 16.8 million tons were exported, only slightly below the 1961-62 record of 17.3 million. Larger supplies of feed grains and low quality wheat in Western Europe, together with increased demands placed on transportation and shipping facilities because of heavy wheat movement, may cause feed grain exports to fall slightly below the high level of the past 2 years. However, they are expected to continue well above exports for any year prior to 1961-62.

The *total corn supply* for 1963-64 was estimated in November at a little over 5.3 billion bushels or slightly larger than in 1962-63. This would be nearly 400 million bushels below the record supply of 1960. The 1963 crop reached a new record of over 4 billion bushels, as a result of a 4-million-acre increase in plantings and a slightly higher yield per acre than in 1962. Based on present prospects, corn utilization is expected to be a little above production, and carryover into 1964-65 probably will decline a little from the 1.3-billion-bushel carryover this year.

The *sorghum grain supply* for 1963-64 is estimated at 1,193 million bushels, 2 percent larger than in 1962-63. Sorghum grain production is a little larger than in 1962 because farmers planted about 10 percent more acreage to sorghums.

Supplies of oats and barley for 1963-64 are a little smaller than a year ago. Supplies of both these grains have declined in recent years. The oat supply is 16 percent below the 1957-61 average

and the smallest since 1939. The barley supply is about 10 percent below average. Much of the reduction in the barley crop this year was in the Northern Plains area and in California where the crop was 10 percent smaller than in 1962.

Demand for feed is expected to continue generally strong in 1963-64. Prices of feed grains and high-protein feeds are expected to average near the 1962-63 level. The Feed Grain Program was changed this year to include a payment-in-kind as a part of the price support. The total price support for corn is \$1.25 per bushel, 5 cents higher than in 1962. But included is a loan rate of \$1.07 and a payment-in-kind of 18 cents per bushel. Similar changes were made in the price supports for sorghum grain and barley.

Corn and sorghum grain prices probably will average a little below the loan rate this winter, but are expected to advance above this level by next spring. The seasonal rise in corn prices, however, is expected to be much less pronounced than in 1962-63, when they rose 27 percent from November to July. Under the Feed Grain Program, CCC sales of feed grains cannot be made against 1963 certificates at less than the loan rate plus carrying charges. As marketings decline from the current crop, the new CCC Sales Policy is expected to be important in influencing corn prices next spring and summer.

High-protein feed supplies are expected to increase about 3 percent in 1963-64, with much of the increase in soybean meal, as crushings continue their upward trend. The increase in high-protein feed supplies is expected to little more than keep pace with the increasing number of high-protein

feed-consuming animal units, resulting in a slight increase in the supply per animal-unit. The generally strong foreign and domestic demand for protein feeds, that prevailed during 1962-63, is expected to continue in 1963-64, and prices probably will at least equal the 1962-63 level, the highest in 9 years.

The *total hay supply* for 1963-64 is estimated at 137 million tons, 2 percent less than in 1962-63. Hay supplies are short this year in many Eastern and Southern States, but are average or above in most of the Central and Western States. Hay prices were about 10 to 15 percent higher this fall than last and are expected to average higher for the 1963-64 feeding year.

The *Feed Grain Program* for 1963 and 1964 is a continuation of the voluntary-type program in effect for 1961 and 1962. A major change in the program was in the price supports that will be made up of loan rates and per-bushel payments based on normal production. The loan rate for 1963-crop corn is \$1.07 per bushel and a payment-in-kind of 18 cents. In 1964, the loan rate will be \$1.10 per bushel and the price support payment, 15 cents. The participant must again divert at least 20 percent of the base acreage to be eligible for diversion payments and price supports.

CCC sale prices for feed grains sold against 1963 certificates will be based on the loan rate, plus carrying charges, whereas in 1961 and 1962 the CCC sold large quantities of feed grains substantially below the loan rates. Because of these changes, 1963-64 price support activity and CCC sales probably will be substantially less than in 1962-63.

Malcolm Clough
Economic Research Service

**DO
YOU
NEED
MORE
OUTLOOK
INFORMATION?**

If you need more detailed information on the outlook for farm products in 1964, send us a card and let us know what you are interested in. We have reports on cotton, dairy, farm income, fats and oils, feed, fruit, livestock, poultry and wool. Our address is: AGRICULTURAL SITUATION, Office of Management Services, Division of Information, U.S. Department of Agriculture, Washington, D.C., 20250.

COTTON CARRYOVER AS WELL AS MILL USE AND EXPORTS TO BE UP

1964



OUTLOOK ISSUE

The carryover of all kinds of cotton in the United States next August 1 is likely to total about 12.9 million bales. This would be 1.7 million bales above last August 1 and the largest since 1956's record high of 14.5 million.

The carryover is expected to increase this season as the 1963 crop is larger than expected disappearance. Production is above last year's level because of an estimated record 516-pound-per-acre yield. The crop was estimated, as of November 1, at 15.3 million bales, up 450,000 from 1962 and the largest crop since 1953. Disappearance during the current season is estimated at 13.8 million bales, up about 2 million from a year earlier. Both mill use and exports are expected to be larger this season.

The 1963 crop is being produced on 14.3 million harvested acres. This is 8 percent fewer acres than in 1962 and the smallest since 1958. The record yield of 516 pounds per acre for the 1963 crop primarily reflects very favorable growing conditions. About 66 percent of this year's crop was ginned prior to November 1. This compares with 62 percent of the 1962 crop to November 1 and is the largest proportion ginned to this date since 1959.

The national acreage allotment for the 1964 crop of upland cotton has been set at 16.0 million acres, the same as for the 1963 crop. An additional 200,000 acres for the 1964 crop were allotted from the national reserve for small farms. The announced allotment of 16.0 million acres is the smallest permitted under present law. It was indicated that even smaller acreage would be sufficient for a balance of supply and disappearance during the 1964-65 crop year. The 1964 acreage allotment for extra-long staple cotton has been set at 112,500 acres. This is down from 149,880 acres for the 1963 crop, but up from 100,293 acres in 1962 and the second largest on record.

Use of cotton by mills in the United States during the 1963-64 season is expected to total about 8.8 million bales. Although 400,000 bales higher than a year earlier, it is 200,000 below 1961-62. Larger usage during the current season than a year earlier is indicated by the upward trend in the rate of use and recent declines in the ratio of mill stocks to unfilled orders for cotton cloth. The usage estimate is based on a high level of general economic activity during 1963-64 and assumes some rebuilding of "pipe-line" inventories of cotton textiles.

Exports of U.S. cotton during the 1963-64 crop year are estimated at 5.0 million bales, up from 3.4 million a year earlier. Larger exports this year reflect an improvement in the competitive position of United States cotton prices in world markets, a moderate pickup in the amounts used in foreign countries during 1963-64, a production decline in foreign countries, a small buildup in cotton stocks in importing countries, and increased free world exports to Communist Countries.

Through November 20, over 3 million bales of cotton had been sold under the export sales program.

James R. Donald
Economic Research Service

A GLANCE AT WHEAT

The wheat outlook for most of the current 1963-64 year is dominated by a good demand and a tight privately held supply of 1963 crop wheat—both conditions indicate strong prices. The 1963-64 marketing year started off with a wheat supply substantially less than the record level of 1960 and the third consecutive annual reduction. Heavy exports during the last few years and special wheat stabilization programs for both the 1962 and 1963 crops contributed to the decline in the current supply that totals 2,333 million bushels. Domestic disappearance in 1963-64 is expected to be about 600 million bushels.

Based on current world demand and including an allowance of about 200 million bushels to the Soviet Union and Eastern Europe, U.S. wheat exports are expected to total a billion bushels during 1963-64. This would be substantially above last year's 639 million bushels and the present record export

of 720 million established in 1961-62. The sharp increase in exports anticipated this year is a result of the poor harvests in Europe and the Soviet Union. With total disappearance of about 1,600 million bushels, the carryover on July 1, 1964, will be substantially reduced. The expected reduction will be 465 million bushels and would place the ending carryover at 730 million. This would be the smallest carryover since 1953.

Prices of most classes of wheat at major markets have registered new strength, reflecting the short supply of privately held wheat, the recent surge in export demand, and the apparent tight holding by farmers. Farm prices have also been strong, reflecting the increased market activity. The season average price in 1963-64 probably will be moderately above the national average loan rate of \$1.82.

William Askew
Economic Research Service



CLOSE WORLD BALANCE BETWEEN WOOL PRODUCED AND WOOL USED

The outlook for the world wool industry for the 1963-64 marketing year is for the use and production of wool to be about in balance. This is in contrast to the previous 3 years when wool use exceeded production, and stocks were worked down to relatively low levels. Wool stocks will remain relatively low and probably cause temporary shortages, increased demand, and firm prices at relatively higher 1963 levels.

The outlook for the United States' wool industry in 1964 is for a further decline in the number of sheep and less wool production, moderately lower mill use of carpet and apparel wool, and a continued increase in imports of apparel wool textile products. Domestic wool use in 1964 will remain about the same as in 1963, as anticipated increase

in imports of apparel textile products probably will offset the lower mill use of raw wool.

The shorn wool incentive level for the 1964 marketing year remains at 62 cents per pound, grease basis. The 1964 marketing year for wool conforms to the calendar year, thereby completing the transition to a calendar year basis from the April-March basis.

The average price received by U.S. producers for shorn wool for the 1964 marketing year probably will be moderately less than in 1962 and 1963. The average price for 1963 likely will be about the same or slightly higher than the 47.7 cents per pound, grease basis, average during 1962.

Charles E. Raymond
Economic Research Service

Meet the State Statistician . . .

CLIFFORD SIMS

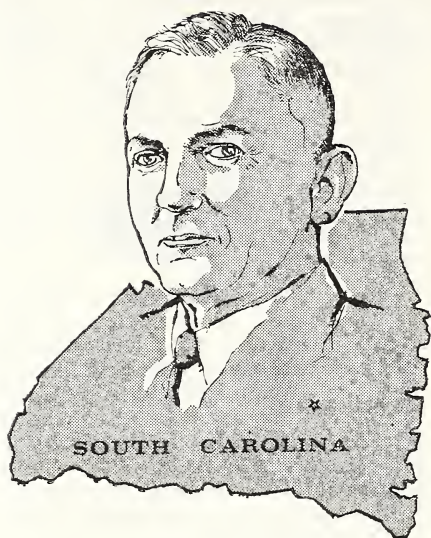
an insurance company—later an investigation agent for a railroad—and eventually a public relations man in the Atlanta area representing a well known automobile concern. In 1929, while with the automobile firm, he met Grace Katherine Cobb of Alpharetta, Georgia, whom he later married.

Clifford Sim's career in crop statistics began in 1935 when he transferred from another government agency to work for the Bureau of Agricultural Economics at Athens, Georgia—first as a clerk and by 1939, as a statistician, second in charge of the Georgia Crop Reporting Service. From 1943 to 1952 he was second in charge of the Virginia Crop Reporting Service prior to his appointment as supervisory statistician in charge in New Jersey. There he served until his present assignment in 1956, statistician in charge in South Carolina.

A Superior Service Award was presented to Sims in February 1956. It read, "for vision and extraordinary perseverance in laying the foundation for expanding a more widely useful crop and livestock reporting service in New Jersey through Federal-State cooperation . . .," and it may be safely assumed he is putting the same award-winning talent to work in South Carolina.

Maybe the Sims' brand of talent extends beyond agricultural statistics. Son, David Franklin Sims, is an industrial engineer and graduate of Virginia Polytechnic Institute. Recently promoted, the younger Sims resides with his wife, Mary, and 5-year-old daughter, Kathy, in New Orleans, La.

If membership in Columbia, South Carolina, American Legion, Richmond Post No. 6; the Columbia Masonic Lodge 326; the South Carolina Public Relations Council; and the local USDA Club are any indication, Clifford Sims is still a number one extrovert—participant—civic minded man.



Not to deviate from the "outlook" theme of this issue of "Agricultural Situation," let's examine the outlook of Clifford Sims, State statistician in charge in South Carolina.

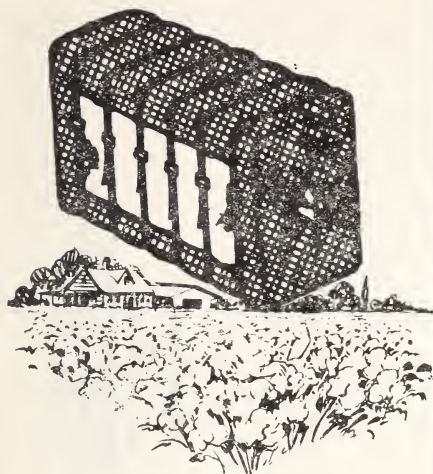
His outlook is the cheerful one of a joiner—in the best sense of the word—an extrovert, a man who enjoys the company of others. A native of Georgia, Sims was all for the team even as a student at Gordon Institute, Branesville, Ga. As well as being a track man, he rose to captain on both the football and baseball teams by his senior year.

While a freshman at Oglethorpe University in Atlanta, World War I broke out. He proved to be a joiner then by enlisting for two years in the Army. After training at Fort Gordon he served with the 328th Regimental Machine Gun Company, 82d Division in France.

By 1919 he was back at Oglethorpe where he joined both the baseball and football teams and became president of his senior class and the Varsity Athletes Club.

Although Sims completed college in 1922 he did not begin his career with the Government for 11 years. During that time he became a bookkeeper for

RECORD COTTON YIELD



In news coverage it neither compares with the 4-minute mile nor the 16-foot pole vault, but it was as long standing a challenge in agriculture as these two achievements were in the sports world.

A bale of cotton per acre yield was an unheard of National average in 1866 when record keeping was begun. In those days it took 3 to 4 acres to produce today's bale of cotton.

Nearly ideal weather spread over a long growing season and modern production and harvesting techniques were responsible for passing the bale-per-acre average yield mark this year. The 1963 yield for the United States of 516 pounds of cotton per acre is 50 pounds more than the previous high of 466 pounds in 1958.

Missouri, Arkansas, Louisiana, Mississippi, Tennessee, Alabama, Georgia, and South Carolina had record yields per acre in 1963. In North Carolina, Texas, Arizona, and California the yields were above average.

The Farmer's Share

In September the farmer's share of the consumer's food dollar was 36 cents, the same as it was in August and 3 cents less than it was a year earlier.

December 1963

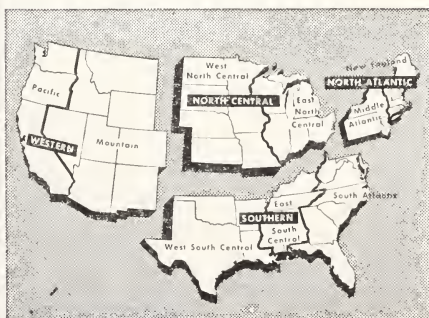
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